

**Florida Agricultural and Mechanical University
Board of Trustees**



**Audit, Risk & Compliance Committee Meeting
Vice Chair John Crossman
Wednesday, December 04, 2024
3:30 PM**

Committee Minutes

Committee Members: Trustee Michael White (Chair)
Trustee John Crossman (Vice-Chair)
Trustee Otis Cliatt, II
Trustee Natalie G. Figgers
Trustee Kristin Harper
Trustee Loryn May
Trustee Belvin Perry, Jr.

Vice Chair Crossman I called the meeting to order. The roll was called, and a quorum was established. Vice Crossman acknowledged four (4) action items:

1. Minutes: Consideration of Approval – Wednesday, September 11, 2024
2. Risk Appetite Statement
3. Internal Controls & ERM Policy Update
4. Division of Audit Workplan Update

The first action item – The first action item was approval of the September 11, 2024, meeting minutes. Vice Chair Crossman asked for a motion. The minutes were moved by Trustee Perry and seconded by Trustee Harper. The motion carried and the September 11, 2024, minutes were approved.

The second action item – The second action item was the consideration of approval for revisions to the Risk Appetite Statement. Vice Chair Crossman called upon Deputy COO/CRO Deidre Melton to present the documents which were included in the meeting materials. She began by recognizing the collaboration with both Senior Leadership and Trustees to conduct the review and update the statement. Risk Appetite Amendments included:

- General Updates were made to the Reporting Structure, Roles and Responsibilities, and Executive Summary;
- Principal Statement Updates included adding a Political Statement, Adjusted Appetite Levels for Leverage the Brand, and System and Information Management;
- Removed Application Statements; and
- Reorganized Document to enhance readability.

Vice Chair Crossman called for a motion to approve the Risk Appetite Statement revisions. Trustee Harper moved approval and Trustee Perry seconded the motion. The motion carried.

The third action item – The third action item was the consideration of approval for Internal Controls & ERM Policy update. Vice Chair Crossman called upon Deputy COO/CRO Deidre Melton to present the documents which were included in the meeting materials. Ms. Melton explained that changes were made to enhance the roles and responsibilities sections for clarity and to really strengthen accountability as we have been focusing on strengthening accountability throughout the university in all areas.

Vice Chair Crossman called for a motion to approve the Internal Controls & ERM Policy update. Trustee Harper moved approval and Trustee Perry seconded the motion. The motion carried.

The fourth action item – The last action item was the consideration of approval for updates to the Division of Audit Workplan. Vice Chair Crossman called upon VP Maleszewski and Audit Director Trystal Wright to present the division of audit workplace update for your consideration of approval. VP Maleszewski explained that we are bring this update forward as professional audit standards requires that the board consider and approve significant changes to the audit work plan. As a result of position vacancies VP Maleszewski recommended removal of two engagements – Athletics Financial Review for Fall 2024, and Controller’s Office Advisory. He went on to explain that with the loss of the IT Auditor that he has collaborated with VP Seniors to identify funds to hire a firm to perform the Cybersecurity Maturity Model Certification project and expand the scope to include Level 2 certification.

Vice Chair Crossman called for a motion to approve the Division of Audit Workplan update. Trustee Perry moved approval and Trustee May seconded the motion. The motion carried.

INFORMATIONAL ITEMS

Vice Chair Crossman acknowledged Chief Compliance and Ethics Officer Rica Calhoun for a Compliance and Ethics Update. Ms. Calhoun indicated that as we continue to enhance our engagement with the Board, we are streamlining our presentations to focus on key takeaways and strategic insights. She referenced the detailed materials board members receive in advance so that Trustees have in-depth information. Chair Harper inquired about the Hotline to understand the service level and timeframe in which submitted items are reviewed acknowledged and acted upon. Ms. Calhoun responded explaining the system acknowledgement and the 5-day response period. She also summarized the triage meetings which occur every two weeks to review matters and ensure those with jurisdiction have the complaint for consideration.

Trustee Stone inquired about the nature of the complaints received and Ms. Calhoun referred him to the materials which provided a detailed summary.

Ms. Calhoun turned the floor over to Director of Compliance and Chief Privacy Officer Latanya Baker, who summarized investigative cases. Trustee Brown made statements about faculty and staff impacts of investigations taking time. He expressed that grievances go unresolved for a year and that, in some areas, that can lead to harm. He expressed concern about the university processes associated with items like retaliation and accountability for faculty and expressed that this causes faculty and staff do not trust the system. He went on to describe a scenario where he asserted that such a situation caused an employee to lose their child as a result of retaliation. He further expressed concerns about faculty and staff being evaluated by their supervisor after they have filed, and complaint and it is being investigated.

Ms. Calhoun recognized the question, noting that we have discussed the length of investigations over several meetings. She shared that there are several factors that influence the length of an investigation and that these things are variable, and fact based. She noted that from a compliance perspective, the Office of Compliance and Ethics never had an investigation that has gone 900 days. Ms. Calhoun reiterated that several factors influence the length of investigations, noting lack of participation from parties and witnesses as an example. She cited an additional factor related to the University calendar, which impacts investigations, particularly if parties that are students go into summer break and do not return until the fall. Ms. Calhoun noted that investigative offices balance timeliness with accuracy and due process in investigations.

Ms. Calhoun further emphasized the importance of due process to all parties, reminding the board that the complainant has the opportunity to bring their complaints and all the information, and the respondent has to have an opportunity to respond. She pointed out that this is vital so that all information is available to make a determination. Ms. Calhoun emphasized the availability of her office, her open door to all parties and the policies and obligation to help ensure that neither party is unduly harmed when a complaint is filed and before a determination is made.

Ms. Calhoun spoke to her office providing numerous documents, training, and information to the University community. She mentioned the use of interim measures to address a circumstance where, in the midst of an investigation, a party felt that they were being retaliated against. She highlighted that investigative offices have a history of applying interim measures, as appropriate, on a case by case determination. She continued, noting that sometimes that means sending a follow-up notice to the respondent letting them know that the office has received a complaint, and to stop their behavior or request that management take additional action as appropriate. Ms. Calhoun indicated that the actions taken are based on the fact pattern at that time.

Ms. Calhoun addressed the perception of lack of accountability. She spoke of the duty to balance an individual's personnel information and accountability. She suggested that, in the case referenced by Trustee Brown, that personnel action was taken, it just wasn't what was expected as some people wanted the person to be fired and that is not what happened. She highlighted the need to balance expectations with management actions. She emphasized her office is open to conversations with parties to make sure that we are available and transparent.

VP Maleszewski agreed with the comments of Ms. Calhoun regarding process and reflected on the discussion about older investigations. He discussed resource limitations, the process to prioritize significant matters, and reaffirmed to commitment to completing these older cases. VP Maleszewski indicated that the 900 day project which has been referenced relates to a \$5,000 matter.

VP Maleszewski emphasized Ms. Calhoun's point that, at its nature, investigations are an independent, fact-finding effort which has to respect all parties in that process - the person bringing forward the allegation and the person against which wrongdoing has been alleged.

Trustee Gibbons commented that, in his estimation, there is no investigation that should be going on for 900 days at all in the university system. He noted that if offices don't have the resources to timely complete investigations, it's incumbent upon the board to do the right thing and make sure they have the proper resources in this area to avoid liability.

Trustee Gibbons asked that Interim President, look at the resources that is going to this area. Secondly, he suggested that there should be no investigations that don't involve the general counsel's office every day.

Trustee Gibbons noted that if folks are making allegations that an employee or an employer are doing something, then we should be taking them out of harm's way, so that we do protect everybody's interest in rights, and the general counsel's office should be adamantly and adequately involved in this, so that we are careful about not creating more situations in terms of retaliation, and so many other things that we could be involved in at this point. Trustee Gibbons concluded his remarks asking President Beard to look at this area and get back to the Board. He emphasized that even \$5,000 cases should be timely closed out within 30 days.

Chair Harper commented that the major next step is for the President to work with VP Maleszewski and Ms. Calhoun around what resources are needed to support their respective organizations.

President Beard indicated that there are reviews with audit and compliance and that there is some information we can share, but we must be very careful because of the nature of the investigations. He further stated that he will get back to the Board.

Chair Harper commented on a couple of trends and posed a question regarding best practice from an HR perspective. She noted that we live in a country where anyone can accuse anyone of anything, necessitating a burden of proof. She emphasized the importance of the due process to play itself out. She inquired as to the best practice related to an accusation around retaliation, as mentioned by Trustee Brown's example. Chair Harper noted that with both audit and compliance investigations, they are dependent on other people responding to requests. Chair Harper requested to hear from HR.

Trustee Gibbons shared a discussion he had with Judge Perry about a crime scene when Trustee Perry was a judge, and when the crime scene was tampered with, it messed the whole case up. Trustee Gibbons expressed that he sees this as a similar situation that no harm should occur to the scene - let it be pure, and so that a proper assessment can be made. Trustee Gibbons indicated that this is why he says the General Counsel's office should actually be involved in this, so that nobody is harmed - and that both parties are protected until the due process has played itself out.

Chair Harper reiterated her question regarding best practice in this hypothetical situation - is it best practice to remove an employee from their supervisor, or by to distance that relationship, or to maintain it?

Ms. Terrisa Brown, Director of Human Resources, responded that it depends on the situation. There may be some instances depending on the allegation where immediate action must be taken, like a temporary reassignment, in which, of course, this would be communicated that with the employee and the supervisor. She further indicated that there are some instances where the allegation may not warrant this measure. She opined another example of counseling occurring from the supervisor's perspective and the employee's perspective, because at the end of the day, the goal is to ensure that the employee and the supervisor are protected to the greatest extent possible. She indicated that we often talk about retaliation from an employee standpoint, but we also have to be mindful that supervisors have rights as well, so we are mindful that we're not infringing on supervisors' rights, because, it is true that anyone can say anything and can sue for

any reason and really it could be detrimental to someone's professional career. So, there's no kind of cookie cutter answer for that. It really just depends on the circumstance.

President Beard indicated that there is a delicate balance, but the first message is, as a CEO of this institution, we don't tolerate an employee being mistreated or treated unfairly. President Beard indicated that that's the message he gives to his senior leadership team. He emphasized there is zero tolerance and that is the message he provides to the institution

Trustee Brown indicated that he appreciated Dr. Beard's comments. He went on to reiterate his belief that retaliation is tolerated at FAMU, there is a lack of administrative accountability, and processes take too long.

Vice Chair Crossman verbally stepped in. He thanked Trustee Brown for his comments and insight. He also acknowledge Vice Chair Gibbon's points related to resource constraints of investigative offices and reiterated the request for President Beard's review and follow up.

Vice Chair Crossman then recognized Deputy COO/CRO Deidre Melton to provide an update on the Gift Report Corrective Action Plan and the Office of Enterprise Risk Management.

Before Ms. Melton presented, Vice Chair Crossman recognized Vice Chair Gibbons for comment. Vice Chair Gibbons indicated agreement with Trustee Crossman and noted that he would like the President to follow up with he and Trustee Brown on these issues.

Vice Chair Crossman indicated, agreement that President Beard may set some one-on-one time with Trustees, Perry, Brown, Gibbons, and Harper. He indicated that the President could then come back to the Board and make a report with serious insight.

Vice Chair Crossman recognized Deputy COO/CRO Deidre Melton to provide her update. She noted that the Corrective Action Plan for the Gift Report, used a 5-point framework to plan actions across all the recommendations from the report. She then walked through the framework highlighting both accomplishments and next steps.

Trustee Lawson inquired about the relationship of the recommendations made in the Gift Report and how they relate to the information presented earlier in the day from Alexander Haas. Ms. Melton responded explaining the plan was based on the Gift Report. Trustee Lawson noted that he was unclear regarding which set of recommendations we were taking - Mclaughlin, Alexander Haas, both, or none.

COO Palm indicated that we had to separate the bylaws from the foundation. He noted that the bylaws from the foundation did not have anything to do with this gift acceptance, but was rather policies on the Advancement side. He clarified that Alexander Haas made recommendations for the bylaws. COO Palm noted that the firm indicated that FAMU should look into whether the position should be separated or maintained as a single position.

He noted an example of synergies between the sets of recommendations was an intersection related to the position of the Executive Vice President and the VP. So, the recommendation coming from the firm indicated that we should look at whether it should be separated. He indicated the decision is to keep the combined roles of VP for Advancement and Director of the FAMU Foundation combined until we get a permanent president and then weigh the pros and cons for keeping the positions together.

Trustee Lawson indicated that when he goes back to the Mclaughlin report that it is a lot and that some of the same things are in that report as well, so it's like the University is paying for duplicate information. Trustee Lawson indicated that maybe he is not getting the intersection between the things just reported, because Mclaughlin said many of the same things.

Trustee Lawson requested that the work products be combined so that an overall approach can be seen irrespective of whether it's Haas or Mclaughlin, or whomever.

Trustee Gibbons agreed with Trustee Lawson, indicating that he could not answer questions about what we did or what we're doing, related to all these things. Trustee Gibbons requested of Chair Harper that the information be presented, at the next meeting, providing a side-by-side look at each recommendation along with status information. Trustee Gibbons indicated that he can't point to any one thing that we've done and we haven't even gotten rid of individuals that were involved.

Chair Harper thanked Trustee Gibbons for the comments and requested that Deputy COO/CRO Deidre Melton confirm that what she had presented was exclusive to the gift report from Mclaughlin and had nothing to do with what Alexander Haas presented. Ms. Melton responded, yes and no. She clarified that Alexander Haas was one of the external experts used in developing the action plan in response to the Gift Report.

Chair Harper asked for confirmation that what has been done since the Gift report was shared in August is represented on the slides – accomplishments and corrective actions. Ms. Melton confirmed her understanding as correct – clarifying that its at the policy and not the operational level.

Trustees Gibbons and Lawson expressed that, as a board, they can't really articulate that because they don't see it as a whole thing. They recommended a dashboard style presentation of the recommendations and outcomes. Trustee Lawson indicated his understanding regarding keeping the VP and Director as one role.

Ms. Melton agreed to compile the information as requested and bring it back to the February meeting.

Chair Harper thanked Ms. Melton and emphasized the criticality of one-on-one briefings. Trustee Perry emphasized the need for a comprehensive presentation of the information. Trustee Gibbons suggested that this is his is how companies fail when they don't take a comprehensive look at everything they've been given. He stated that we're going to fail if we don't take a comprehensive look and focus on how we execute on this.

Ms. Melton moved on to present briefly on the ERM Advisory Committee highlighting the establishment of the PERCAL (Policy, Ethics, Risk, Compliance, Audit, and Legal) subcommittee. She highlighted the upcoming release of two reports: one on Emergency Management and one on Campus Safety and Security.

VP Maleszewski and Audit Director, Trystal Wright, reported the Division of Audit updates regarding audit and investigative follow-up; internal and external audit update; and Division updates.

Trustee Brown asked for clarification of carry forward investigations from prior periods. VP Maleszewski clarified that they are cases from prior fiscal years and referred Trustee Brown to his meeting material which contain those details.

Adjournment – Vice Chair Crossman adjourned the Audit, Risk and Compliance Committee Meeting as there was no further business before the committee.